

January 27, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Annual Retail Rate Filing of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid

Dear Secretary Cottrell:

On behalf of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (collectively "Company"), I am enclosing for filing the Company's proposed retail rate adjustments to take effect in March 2006. The Company's proposed rate adjustments result in no change to the amount currently billed for a typical 500 kWh residential customer.

The rate adjustments include (1) the default service adjustment factor, transition charges, and transmission service charges in accordance with the Company's reconciliation and adjustment provisions and restructuring settlement in docket D.P.U./D.T.E. 96-25, (2) the adjustment for the recovery of estimated lost revenue associated with the expansion of customer participation on the Company's discount rate pursuant to D.T.E. 05-56, and (3) the calculation of proposed distribution rates under the regional index mechanism as part of the Company's rate plan settlement ("Rate Plan Settlement") approved by the Department in the New England Electric System/Eastern Utilities Associates merger docket, D.T.E. 99-47. The filing also provides the status of the balance in the standard offer reconciliation based on the most recently available data and the status of the Customer Credit, a twelve-month factor implemented in March 2005 pursuant to the settlement between the Company and the Attorney General in Docket Nos. D.T.E. 02-79, 03-124, and 03-126.

The following table summarizes the proposed rate changes at the total Company level:

<u>Charge or Factor (¢/kWh)</u>	<u>2005</u>	<u>2006</u>	<u>Increase (Decrease)</u>
Default Service Adjmt. Factor	(0.017¢)	(0.045¢)	(0.028¢)
Transition Charge (avg.)	0.855¢	0.546¢	(0.309¢)
Transmission Service Charge (avg.)	0.722¢	0.871¢	0.149¢
Customer Credit	(0.038¢)	n/a	0.038¢
Distribution Charges (avg. ¹)	2.542¢	2.645¢	0.103¢
Res. Assist. Adjmt. Factor	n/a	0.010¢	0.010¢

This filing consists of the pre-filed testimony of Theresa M. Burns, Susan L. Hodgson, and Scott M. McCabe. Ms. Burns explains each proposed rate adjustment, Ms. Hodgson sets forth the Company's estimated transmission and ISO-NE expenses for 2006, and Mr. McCabe provides information on the derivation of the adjustment to distribution rates pursuant to the Rate Plan Settlement.

Thank you very much for your time and attention to this matter.

Very truly yours,



Amy G. Rabinowitz

cc: Kevin Brannelly, Department of Telecommunications and Energy
Ron LeComte, Department of Telecommunications and Energy
Joseph Rogers, Office of the Attorney General
David O'Connor, Division of Energy Resources
Robert R. Ruddock, Associated Industries of Massachusetts
Roger Borghesani, The Energy Consortium

¹ Represents the average distribution rate reflected in the Regional Index analysis, not the average distribution rate for all customers and all rate classes.